

# Senate File 2375 - Introduced

SENATE FILE \_\_\_\_\_  
BY COMMITTEE ON NATURAL  
RESOURCES AND ENVIRONMENT

(SUCCESSOR TO SF 2210)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to alternative energy system tax credits under  
2 the individual and corporate income taxes for the installation  
3 of alternative energy systems and including a retroactive  
4 applicability date provision.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 6254SV 82  
7 rn/nh/24

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1 1 Section 1. NEW SECTION. 422.11V ALTERNATIVE ENERGY  
1 2 SYSTEM TAX CREDIT.  
1 3 1. As used in this chapter, unless the context otherwise  
1 4 requires:  
1 5 a. "Alternative energy system" means a system for heating  
1 6 or cooling a building, or utilized in conjunction with other  
1 7 aspects of the operation or maintenance of a building, which  
1 8 utilizes solar, wind turbine, geothermal, waste management,  
1 9 resource recovery, refuse-derived fuel, agricultural crops or  
1 10 residues, or woodburning as the primary energy source.  
1 11 b. "Department" means the department of revenue.  
1 12 c. "Small business" means any enterprise which is located  
1 13 in this state, which is operated for profit and under a single  
1 14 management, and which has either fewer than twenty employees  
1 15 or an annual gross income of less than four million dollars  
1 16 computed on the average of the three preceding fiscal years.  
1 17 2. The taxes imposed under this division, less the credits  
1 18 allowed under section 422.12, shall be reduced by an  
1 19 alternative energy system tax credit allowed under this  
1 20 section.  
1 21 3. a. A small business is eligible to receive an  
1 22 alternative energy system tax credit for the installation of  
1 23 an alternative energy system on the real property of the small  
1 24 business. The tax credit is allowed against the tax liability  
1 25 imposed under this division and division III. The amount of  
1 26 the tax credit is equal to the lesser of twenty-five percent  
1 27 of the total cost of installation of an alternative energy  
1 28 system, or five thousand dollars. If the small business  
1 29 elects to take the alternative energy system tax credit, the  
1 30 small business shall not deduct for Iowa tax purposes any  
1 31 amount of the costs of the alternative energy system,  
1 32 including the cost of installation, which is deductible for  
1 33 federal tax purposes.  
1 34 b. To receive the alternative energy system tax credit,  
2 1 the small business must submit an application to the  
2 2 department. If the taxpayer meets the criteria for  
2 3 eligibility, as determined by the department by rule, the  
2 4 department shall issue to the taxpayer a certification of  
2 5 entitlement for the alternative energy system tax credit. Tax  
2 6 credit certificates shall be issued on an earliest filed  
2 7 basis. The certification shall contain the taxpayer's name,  
2 8 address, tax identification number, the amount of the credit,  
2 9 and tax year for which the certificate applies. The taxpayer  
2 10 must file the tax credit certificate with the taxpayer's  
2 11 individual income tax return in order to claim the tax credit.  
2 12 c. Any credit used under this division or division III,  
2 13 which is in excess of the tax liability shall be refunded with  
2 14 interest computed under section 422.25. In lieu of claiming a  
2 15 refund, a taxpayer may elect to have the overpayment shown on  
the taxpayer's final, completed return credited to the tax

2 16 liability for the following year.  
2 17 d. An individual may claim the tax credit under this  
2 18 division, allowed a partnership, limited liability company, S  
2 19 corporation, estate, or trust electing to have the income  
2 20 taxed directly to the individual. The amount claimed by the  
2 21 individual shall be based upon the pro rata share of the  
2 22 individual's earnings of the partnership, limited liability  
2 23 company, S corporation, estate, or trust.

2 24 4. The department may adopt rules pursuant to chapter 17A  
2 25 for the administration and enforcement of this section.

2 26 Sec. 2. Section 422.33, Code Supplement 2007, is amended  
2 27 by adding the following new subsection:

2 28 NEW SUBSECTION. 25. The taxes imposed under this division  
2 29 shall be reduced by an alternative energy system tax credit  
2 30 allowed under section 422.11V.

2 31 Sec. 3. RETROACTIVE APPLICABILITY DATE. This Act applies  
2 32 retroactively to January 1, 2008, for tax years beginning on  
2 33 or after that date.

2 34 EXPLANATION

2 35 This bill allows small businesses income tax credits for  
3 1 the installation of alternative energy systems on their  
3 2 property. The amount of credit equals the lesser of 25  
3 3 percent of the cost of the alternative energy system,  
3 4 including installation costs, or \$5,000.

3 5 The bill defines an alternative energy system as a system  
3 6 for heating and cooling a building, or utilized in conjunction  
3 7 with other aspects of the operation and maintenance of a  
3 8 building, which utilizes solar, wind turbine, waste  
3 9 management, resource recovery, refuse-derived fuel,  
3 10 agricultural crops or residues, or woodburning as the primary  
3 11 energy source. The bill defines a small business as an  
3 12 enterprise which is located in Iowa, and operated for profit  
3 13 under a single management, which has either fewer than 20  
3 14 employees or an annual gross income of less than \$4 million  
3 15 computed on the average of the three preceding fiscal years.

3 16 The bill applies retroactively to January 1, 2008, for tax  
3 17 years beginning on or after that date.

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